



## **REVIEW OF FINANCIAL PROCEDURE RULES**

### **RECOMMENDATION**

- 1 To amend the Council's Constitution to adopt a revised set of Financial Procedure Rules as set out in Appendix 2.

### **SUPPORTING INFORMATION**

- 2.1 The Financial Procedure Rules determine the basis on which the Council manages its financial affairs under Part 4 of the Council's Constitution.
- 2.2 The Use of Resources Comprehensive Performance Assessment expects that "the standing orders, standing financial instructions and schemes of delegation are reviewed and updated as appropriate".
- 2.3 The Rules have been subject to an internal officer review. The recommendations for changes arising from this were presented to the Audit and Accounts Committee on 29 June 2006. The revised set of Financial Procedure Rules set out in Appendix 2 is that which the Audit and Accounts Committee agreed to recommend to Council for adoption.
- 2.4 A summary and explanation of the substantive changes is provided in Appendix 3. In addition to these changes, the new Rules also reflect the changes in titles and responsibilities that follow from the recent reorganisation of Council departments.
- 2.5 The changes are the result of the first comprehensive review of the Financial Procedure Rules since the present Constitution was adopted in 2002, although there have been limited changes to some aspects of the Rules since then. Many of the changes are intended to better reflect the way that financial control has been operating in practice. The Corporate Director Resources and Housing is able, consistent with the Financial Procedure Rules, to issue further guidelines, and has done so on occasion. Reports to Council Cabinet have also been used to clarify some processes in the absence of a change to the Constitution. In other cases, the Rules are ambiguous or silent, and changes reflect the way that it is considered that they should have been interpreted consistent with good practice. Some other changes are intended to amend current practices, in cases where controls either require strengthening or some relaxation is considered necessary.

- 2.6 The Audit and Accounts Committee made two changes to the proposals put before it, and these are incorporated in the recommendations to Council. These changes were to:
- Leave the delegated limit for write off of debts unchanged at £10,000 rather than to increase it to £20,000
  - Clarify that the treatment of capital scheme cost variations is solely as set out in Section E of financial procedure rules and there is otherwise no provision for virements between capital schemes without Cabinet agreement.
- 2.7 Schools Financial Regulations are based on the Financial Procedure Rules but adapted to the context of a school with delegated budgets. Their updating will be necessary as a consequence of these changes and can be done under delegated powers subject to meeting the conditions set out in Section A of the Financial Procedure Rules.

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<b>Background papers:</b>	Council Constitution Part 4 Rules of Procedure
<b>List of appendices:</b>	Appendix 1 – Implications Appendix 2 – Financial Procedure Rules (Revised) Appendix 3 – Summary and Explanation of Changes

<b>IMPLICATIONS</b>
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**Financial**

1. There are no direct financial implications arising as the review has been conducted from within existing budgets. There are potential costs associated with the training need but this would exist whether or not the changes proposed in this report took place, given the need to reinforce the current understanding of financial procedures.

**Legal**

2. The terms of reference of the Audit and Accounts Committee enable it to make recommendations for changes to financial and contract procedure rules to Council.

**Personnel**

3. None directly arising.

**Equalities impact**

4. None directly arising.

**Corporate objectives and priorities for change**

5. None directly arising.